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Post: Hanoi

Report Category: Coffee

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Report Highlights:

Marketing year 2025/26 production is forecast to increase to 31 million bags of green bean equivalent. High prices have caused farmers to invest in crop management and more inputs. MY 2025/26 exports are forecast to rise, with strong growth projected for roasted and soluble coffee exports to growing Asian markets.

Executive Summary:

Global coffee prices remain high, prompting farmers to retain stocks in anticipation of further price increases. As a result, traders and exporters have had difficulty procuring large volumes, leading to a drawdown in exporter-held inventories and a decline in export volumes during the first half of the marketing year (MY) 2024/25. Coffee companies and traders are investing in expanding and modernizing production and processing facilities to increase value added and improve long-term competitiveness.

Commodities:
Coffee, Green

PRODUCTION
Post forecasts Vietnam MY 2025/26 total coffee production at 31 million bags green bean equivalent (GBE) as farmers increase production in response to higher prices. Robusta production is forecast at 30 million bags GBE and Arabica production at one million bags. Post maintains estimated MY 2024/25 coffee production at 29 million bags GBE, including 28 million bags of Robusta. Higher coffee prices and favorable weather conditions have supported higher production and boosted yields.

Table 1. Robusta Green Bean Coffee Production MY 2023/24-2025/26

	MY2023/24 **Estimate**	**MY2024/25** **Estimate**	**MY2025/26** **Forecast**
Marketing year begins	Oct. 2023	Oct. 2024	Oct. 2025
Harvested area (hectare)	611,500	615,000	620,000
Production (thousand bags)	28,500	28,000	30,000
Average yield (MT/HA)	2.75	2.73	2.90

Source: Post estimates and forecast

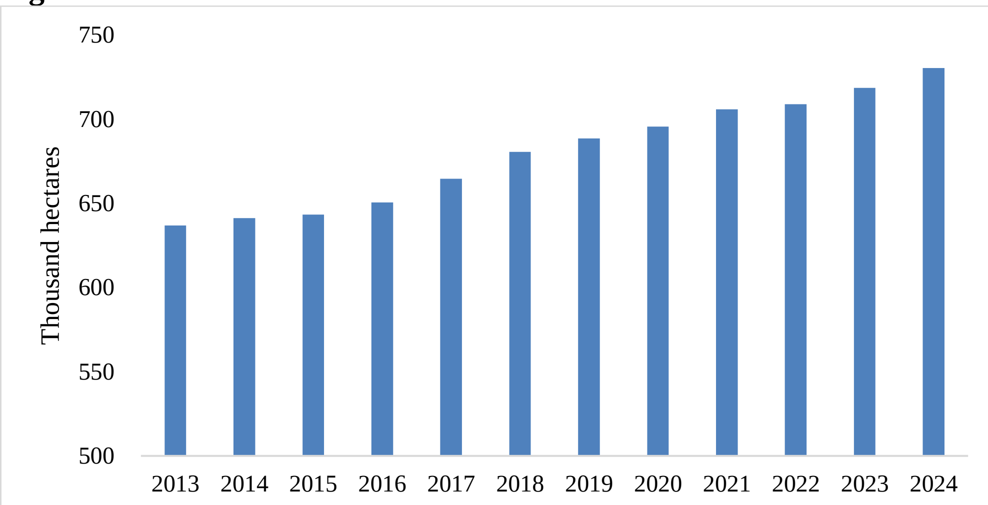
According to Vietnam's General Statistics Office (GSO), coffee cultivation area has expanded consistently in Vietnam since 2013. Total coffee area in 2024 is estimated at 730,000 hectares with 92 percent of this area harvested. Coffee trees in the remaining cultivated area were not mature enough to harvest.

The Central Highlands region, which includes Dak Lak, Lam Dong, Dak Nong, Gia Lai, and Kon Tum provinces, accounts for 92 percent of the total coffee cultivation area and 90 percent of national coffee output. The region's favorable elevation, volcanic soil, and distinct wet and dry seasons create ideal conditions for cultivating high-quality Robusta coffee. Some media outlets report a shift from coffee to other high-value crops, such as durian. However, the coffee area continues to expand according to official data.

Western Highland Agriculture and Forest Science Institute (WASI), Vietnam's preeminent coffee research institution, informed Post that demand for coffee seedlings remains high, with the institute supplying approximately 4 to 5 million coffee plants annually for new planting and re-cultivation.

According to WASI, replanting programs are critical for boosting yields, improving quality, enhancing climate resilience, and meeting increasingly strict quality requirements and standards in major export markets such as the European Union, Japan, and the United States.

Figure 1. Coffee Planted Area in Vietnam



Source: GSO statistics

The Ministry of Agriculture and Rural Development (MARD), now the Ministry of Agriculture and Environment (MAE), created a specialty coffee program plan in 2021.[1] The plan called for specialty coffee production to increase to19,000 hectares (3 percent of total coffee area) by 2030, with an expected output of 11,000 tons. The Vietnam Coffee and Cocoa Association (VICOFA) is implementing specialty coffee promotions under this plan, including specialty coffee competitions to introduce Vietnam's specialty coffee to international buyers.

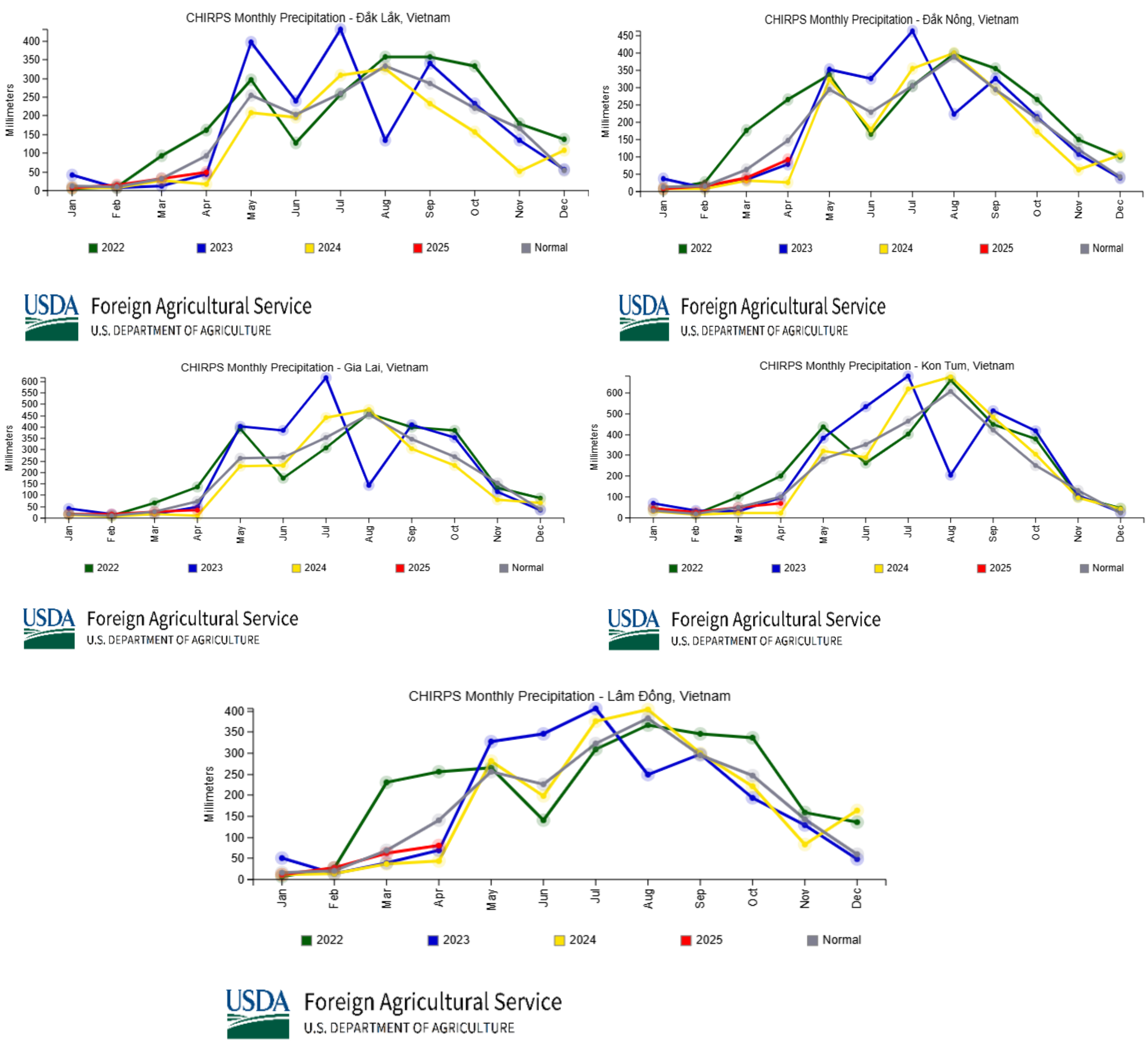
The EU Deforestation Regulation (EUDR), which comes into force in 2026, is creating challenges for Vietnam coffee producers. Forty one percent of Vietnam's coffee exports go to European Union. Two companies have already implemented systems to fulfill EUDR requirements, and others are working on compliance measures. Simexco Daklak Company implemented a traceability system and EDE Company has successfully exported to the European Union under new EUDR requirements. MARD is establishing regional monitoring systems to support EUDR compliance. These systems are already collecting data from 136,000 hectares of coffee land. The systems monitor high-risk areas such as coffee farms in forests, create a national database for coffee production and resources, standardize data to facilitate traceability and compliance, and support certification programs like 4C, Rainforest Alliance, and Fair Trade.

According to the National Center for Hydro-Meteorological Forecasting, the weather for 2025 is expected to be favorable for coffee production. While there are still concerns about drought in April-May 2025 and the potential for lower rainfall in March-April, the early rainfall in February and the neutral El Niño-Southern Oscillation (ENSO) condition suggest better overall conditions for coffee cultivation compared to the challenges faced in 2024. Data from the USDA Global Agricultural and

[1] MARD Decision No. 1392/QD-BNN-TT, April 2, 2021.

Disaster Assessment System (GADAS) indicates that monthly precipitation from January to April 2025 was higher compared to the same period last year in key coffee-growing provinces, including Dak Lak, Gia Lai, Kon Tum, Dak Nong, and Lam Dong (Figure 2). However, the heavy rainfall in December 2024 may have disrupted coffee harvesting for MY 2024/25.

Figure 2. Monthly Precipitation in the Main Coffee Growing Provinces



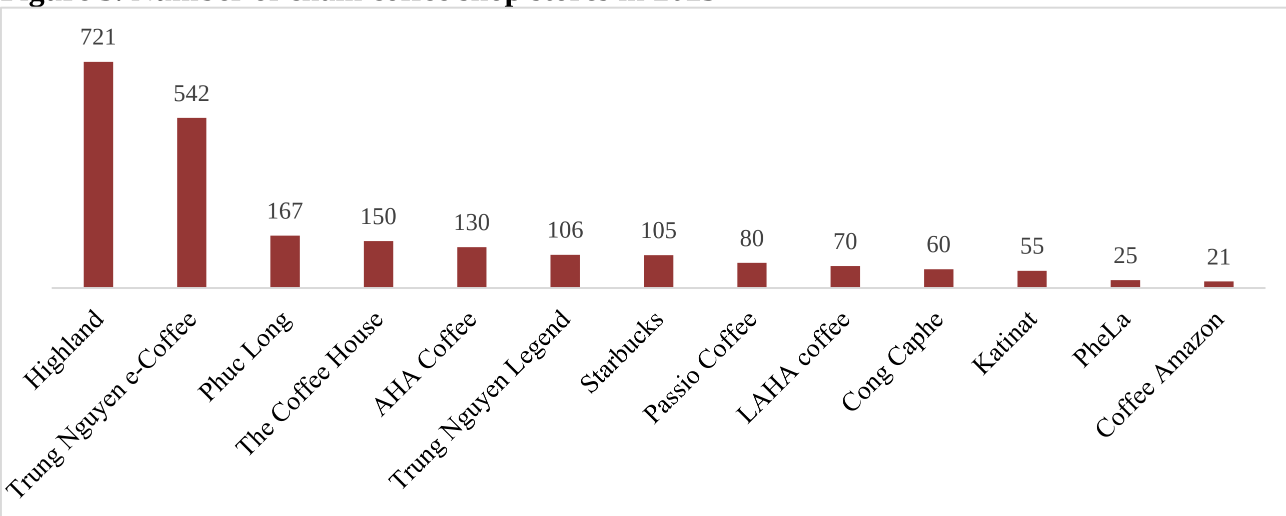
Source: USDA Global Agricultural and Disaster Assessment System

CONSUMPTION

Post forecasts coffee consumption will increase to 4.9 million bags in MY 2025/26 and estimate MY 2024/25 coffee consumption will increase to 4 million bags on strong demand. Vietnam's domestic coffee demand is experiencing strong growth, driven by the expanding middle class and sustained economic development. The recovery of both international and domestic tourism in 2024 and the first quarter of 2025 has further boosted coffee consumption.

There has been rapid growth in coffee shop chains and rising interest in specialty coffee in Vietnam. Both domestic and international brands are investing in expanding their operations and improving product offers. Vietnam currently has over 500,000 coffee shops, ranging from small neighborhood cafés to modern upscale chains, reflecting the dynamic expansion of the coffee retail sector. This trend highlights consumers' increasing appetite for unique flavors and high-quality brews. Additionally, takeaway and home-brewed coffee are becoming more popular, especially among younger consumers seeking convenience and personalization.

Figure 3. Number of chain coffee shop stores in 2023



Source: [Mibrand Vietnam](), July 30, 2024.

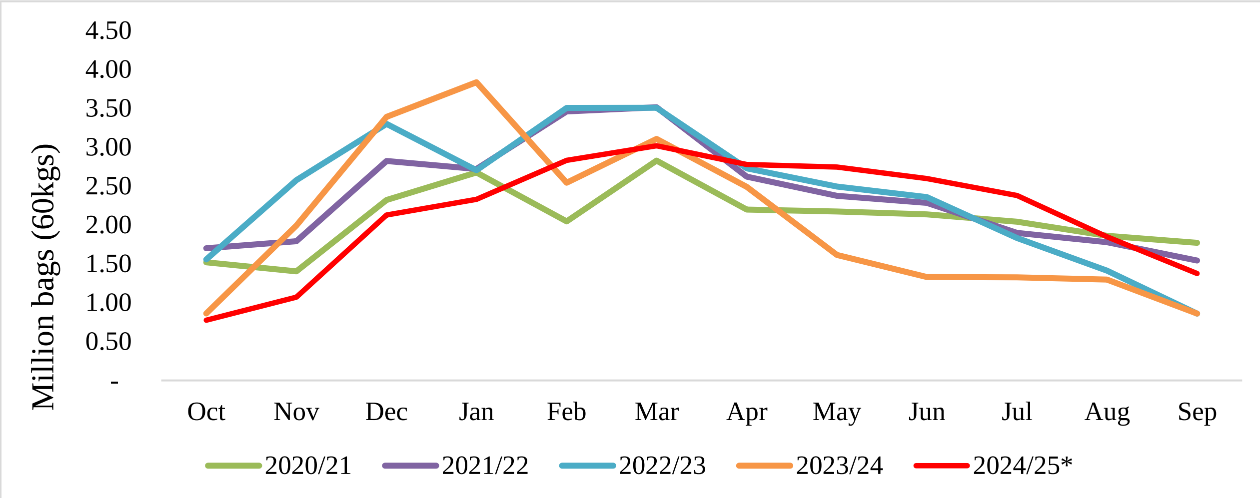
Trade contacts report rapid expansion in processed product sales, including soluble, roasted coffee, and caffeine products for both domestic and overseas markets. According to media reports, Nestlé is investing nearly $75 million to expand its factory in Dong Nai province, producing brands like Nescafé, Nespresso, and Starbucks, and exporting to over 35 countries. This brings Nestlé's total investment in Vietnam to nearly $1 billion over 30 years of operations. Trung Nguyen, a major Vietnam coffee company, announced in March 2025 it was investing $75 million in a new coffee factory in Dak Lak province. This will be the Trung Nguyen Group’s fifth coffee processing facility. Highlands Coffee has also opened a new $20 million facility in Ba Ria – Vung Tau province, with a target processing capacity of 75,000 tons per year.

TRADE

Exports

Forecast MY 2024/25 exports are lowered to 25.8 million bags GBE based on recent trade data. Despite strong global demand, coffee exporters remain hesitant to commit to forward contracts due to challenges of reconciling volatile domestic prices with international market expectations. At the same time, there is a clear shift in business strategy towards investing in processed coffee products rather than traditional green bean exports. Many farmers continue to hold back stocks in anticipation of further price increases, creating supply shortages and uncertainty for exporters. However, the coffee export volume is expected to increase in the following months as farmers face pressure to release their stock to clear space for the MY 2025/26 harvest.

Figure 4. Monthly Coffee Export Volume

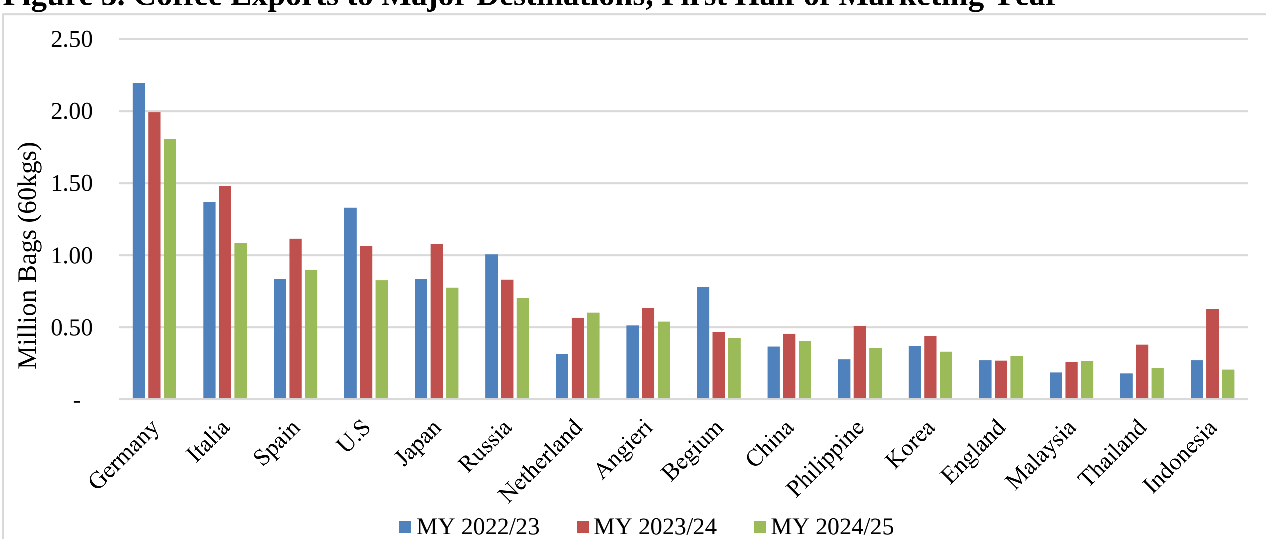


Source: Vietnam Customs, GSO statistics. *Post forecasts for May to September 2025.

Vietnam exported approximately 12.15 million bags GBE of coffee in the first half MY 2024/2025 according to preliminary data from Vietnam Customs and GSO, a 23 percent decline compared to the same period in MY 2023/2024. The downturn in exports was evident across several major markets, including Japan (down 28 percent), Italy (down 27 percent), the United States (down 22 percent), Spain (down 19 percent), and Germany (down 9 percent). High domestic prices combined with farmers holding back coffee stocks have limited coffee availability for forward contracts.

While traditional large markets such as the EU, Japan and United States are still the main importers of Vietnam coffee, Asian markets such as China, Korea, Thailand, the Philippines, and Indonesia are increasingly important for Vietnam coffee exporters. Asian markets imported approximately 1.85 million bags GBE from Vietnam in the first half of MY 2024/25. While down slightly from MY 2023/2024, Asian markets comprise a growing share of Vietnam's coffee exports.

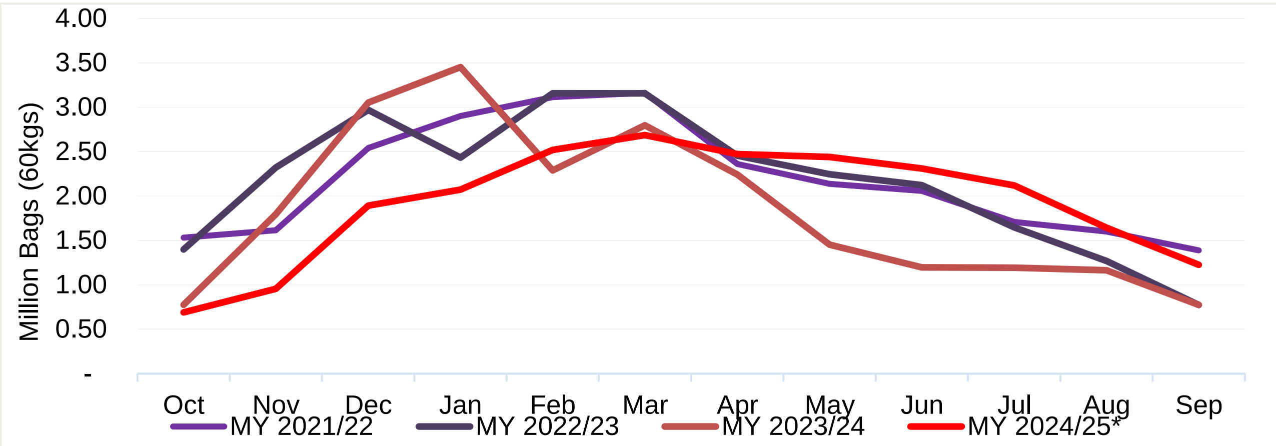
Figure 5. Coffee Exports to Major Destinations, First Half of Marketing Year



Source: Vietnam Customs data for October-March.

Green Bean Exports

Figure 6. Monthly Green Bean Coffee Exports



Source: Vietnam Customs, trade contacts. * Post forecasts for May to September MY 2024/25.

Vietnam's green bean exports reached 10.02 million bags in the first half of MY 2024/25, down 27 percent compared to the same period the previous year (Figure 6). MY2024/25 green bean exports are forecast at 23 million bags based on export trends. Post forecasts for green bean exports will increase to 23.7 million bags in MY 2025/26 based on high export prices and strong supply and global demand.

Soluble and Roasted Exports

Soluble and roast coffee exports are forecast to reach 3.3 million bags GBE in MY 2025/26 based on the expansion in coffee processing facilities and strong demand in Asian markets. Post estimates MY 2024/25 soluble and roasted coffee exports at 2.8 million bags GBE. Vietnam's coffee exports are gradually shifting toward higher value-added products, supported by increased domestic processing capacity. In 2024, green coffee still accounted for approximately 90 percent of exports, down slightly from 91.2 percent in 2022. Processed coffee has risen from 8.8 percent of exports to 9.6 percent, reflecting growing demand in Asia and other markets.

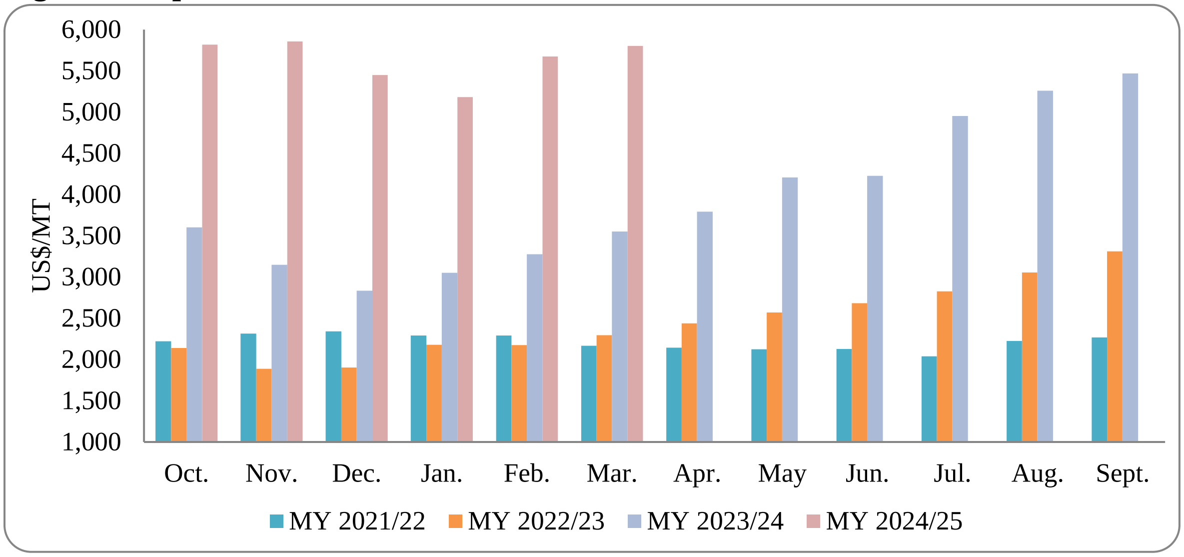
Vietnam's average coffee export price for the 2023–2024 crop year was $3,792 per ton according to VICOFA. Among the top 10 export markets, five European countries, including Germany, Italy, Spain, Russia, and the Netherlands, had average import unit values below $4,000 per ton. Germany, the largest buyer, paid about $3,390 per ton, while Italy had the lowest unit price at $3,260 per ton. In contrast, Asian markets are emerging as premium buyers. The Philippines paid the highest overall at $4,424 per ton, followed by China ($4,166 per ton) and Indonesia ($4,197 per ton). These trends highlight Asia's growing role in driving higher-value exports and reducing Vietnam's reliance on raw commodity shipments.

Imports

MY 2025/26 imports are forecast to drop to 800,000 thousand bags GBE. Estimated MY 2024/25 coffee imports are lowered to 850,000 bags. Higher domestic production and supply have reduced the need for imports. The expansion in processing facilities and demand for Arabica beans, which have limited production in Vietnam, will continue to sustain a minimum level of imports going forward.

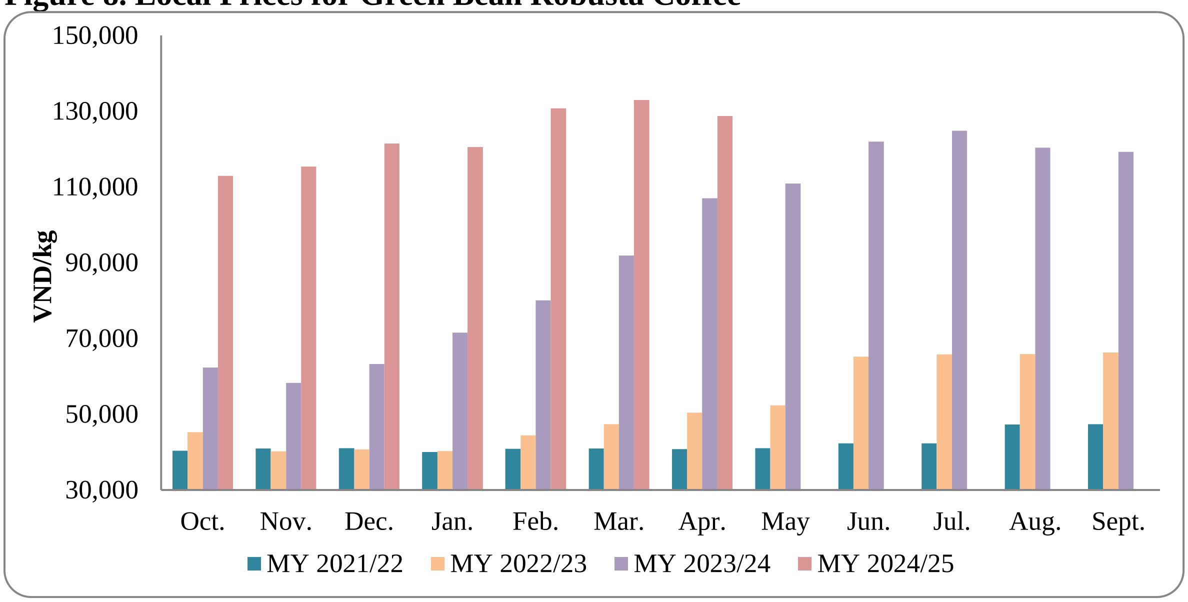
PRICES
The average export price reached $5,630 per ton in the first half of MY 2024/25, up 143 percent compared to MY 2023/24 (Figure 7). Growing coffee demand for caffeine additives, flavors and fragrances, skin care, and pharmaceuticals have contributed to the increased demand for robusta coffee, boosting its price. High export prices have benefited Vietnam coffee farmers. Domestic coffee prices were approximately VND 125,000 per kg in the first half of MY 2024/25, 130 percent higher than the previous year. According to trader contacts, farmers still hold a large amount of coffee at home and are selling gradually, expecting higher prices. Global coffee prices are also affected by commodity exchange markets such as the London Commodity Exchange and the Chicago Commodity Exchange.

Figure 7. Export Prices for Green Bean Robusta Coffee



Source: Vietnam Customs, Trade contacts

Figure 8. Local Prices for Green Bean Robusta Coffee



Source: Trade contacts, VnSAT

STOCKS

Post forecasts MY 2025/26 ending stocks at 839,000 bags GBE based on high supply and demand. Post estimates MY 2024/25 ending stocks at 939,000 bags. In the past when prices hovered around VND 40,000–50,000 per kg, traders and exporters could afford to purchase and store large volumes. However, with current prices exceeding VND 100,000 per kg and exhibiting continued volatility, procurement has become capital-intensive. As a result, many businesses have transitioned to a just-in-time, buy-to-sell model to preserve liquidity. This has led to a significant reduction in exporter-held inventories. As noted in the previous sections, farmers continue to withhold sales in anticipation of higher prices. Most physical stock is now held by farmers, who normally only store small quantities. This change in behaviors has made stock holdings more fragmented and harder to estimate. These farms held stocks will need to be gradually released up to the end of MY 2024/25 as farmers prepare for the upcoming harvest.

Coffee, Green	2023/2024		2024/2025		2025/2026	
Market Year Begins	**Oct 2023**		**Oct 2024**		**Oct 2025**	
Vietnam	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Beginning Stocks (1000 60 KG BAGS)	839	839	839	889	0	939
Arabica Production (1000 60 KG BAGS)	1000	1000	1100	1000	0	1000
Robusta Production (1000 60 KG BAGS)	26500	26550	29000	28000	0	30000
Other Production (1000 60 KG BAGS)	0	0	0	0	0	0
Total Production (1000 60 KG BAGS)	27500	27550	30100	29000	0	31000
Bean Imports (1000 60 KG BAGS)	400	400	500	400	0	400
Roast & Ground Imports (1000 60 KG BAGS)	200	200	200	200	0	200
Soluble Imports (1000 60 KG BAGS)	200	200	200	250	0	200
Total Imports (1000 60 KG BAGS)	800	800	900	850	0	800
Total Supply (1000 60 KG BAGS)	29139	29189	31839	30739	0	32739
Bean Exports (1000 60 KG BAGS)	22600	22000	24400	23000	0	23700
Rst-Grnd Exp. (1000 60 KG BAGS)	400	400	400	500	0	700
Soluble Exports (1000 60 KG BAGS)	2000	2000	2500	2300	0	2600
Total Exports (1000 60 KG BAGS)	25000	24400	27300	25800	0	27000
Rst,Ground Dom. Consum (1000 60 KG BAGS)	2700	3000	2800	3000	0	3400
Soluble Dom. Cons. (1000 60 KG BAGS)	600	900	800	1000	0	1500
Domestic Consumption (1000 60 KG BAGS)	3300	3900	3600	4000	0	4900
Ending Stocks (1000 60 KG BAGS)	839	889	939	939	0	839
Total Distribution (1000 60 KG BAGS)	29139	29189	31839	30739	0	32739
(1000 HA) ,(MILLION TREES) ,(1000 60 KG BAGS)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Attachments:

No Attachments